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Interim Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

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Third District

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Fifth District

January 6, 2015

To: Supervisor Michael D. Antonovich, Mayor
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe

From: Sachi A. Hamai
Interim Chief Executive Officer

SACRAMENTO UPDATE

Executive Summary

This memorandum contains a report on the following:

- **Governor Brown's Inauguration** – On January 5, 2015, Governor Jerry Brown was sworn in for his fourth term as Governor. As part of the inauguration, Governor Brown delivered his 2015 State of the State address before a joint session of the Legislature during which he outlined his priorities for the coming year.
- **2015-16 State Legislative Session Convenes** – Yesterday, the Legislature reconvened for the opening of the first year of the 2015-16 session.

Governor Brown's Inauguration and State of the State Address

On January 5, 2015, Governor Jerry Brown was sworn in for his fourth term as Governor. He took the occasion to deliver his 2015 State of the State address before a joint session of the Legislature during which he outlined his budget and legislative priorities for the coming year.

"To Enrich Lives Through Effective And Caring Service"

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The Governor's primary goals include investments in the following areas:

- **State Debt Reduction** - proposes ongoing repayment of \$15 billion in State debt including payments of \$1 billion to K-12 education and \$533 million to local governments.
- **Rainy Day Fund** – estimates that \$2.8 billion in additional funding will be directed to the State's Rainy Day Fund as provided in Proposition 2, which was approved by the voters in November 2014.
- **State Retiree Health Benefits** – proposes that State employees begin pre-paying a portion of retiree health benefits to mitigate rising State costs.
- **Infrastructure** – proposes additional resources for roads, highways and bridges and calls upon the Legislature to address ways to provide funding for the estimated \$59 billion needed for upkeep and maintenance of existing infrastructure.
- **Climate Change** – proposes three goals to further reduce carbon pollution by the year 2030: 1) increasing from one-third to 50 percent the amount of energy derived from natural resources; 2) reduce petroleum use in cars and trucks by 50 percent; and 3) double the energy efficiency of existing buildings and make heating fuels cleaner.

The Governor also addressed the following issues of interest to the County:

- **Implementation of Health Care Reform.** The Governor noted that implementation of the Affordable Care Act significantly expanded Medi-Cal coverage for uninsured persons and reported that 12.2 million Californians will be enrolled in health care plans in 2015. The Governor also stated that providing health coverage to people who need it is the right thing to do, but cautioned that new State costs for health care services will run into the billions of dollars now and in the future.
- **Public Safety Realignment.** The Governor also noted that various challenges remain with regard to public safety reforms enacted through court actions to reduce the State prison inmate population, voter-approved initiatives which both strengthen sentencing laws and change certain felonies into misdemeanors, and the 2011 Public Safety Realignment which transferred lower-level offenders from State prisons to County jails. The Governor expressed his ongoing commitment to support public safety realignment, but provided no details on how these challenges would be addressed.

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The Governor is expected to release his proposed FY 2015-16 State Budget on Friday, January 9, 2015. This office will work with affected departments to prepare a comprehensive analysis for the Board once details of the State Budget are released.

2015-16 State Legislative Session Convenes

After convening briefly in December 2014 for an organizing session at which new members were sworn into office, on January 5, 2015, the State Legislature reconvened to begin in earnest the first year of the 2015-16 Legislative Session. Legislative leaders, Assembly Speaker Toni Atkins and Senate President pro Tempore, Kevin De Leon, have indicated that their priorities for 2015 would include: education, public safety, health and human services, environmental protection, jobs, and improving the State's long-term fiscal stability.

We will continue to keep you advised.

SAH:RA
MR:VE:lm

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants